

# EXEMPTION FOR CERTAIN VEHICLE WASH AND WAX SERVICE INPUTS

## **Prior Law**

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Under prior law, it was not feasible for retailers performing taxable vehicle wash and wax services to use the resale exemption for the purchase of many of their inputs because the resale exemption required that:

1. The provider and user of the service intend that the sale of the property will occur.
2. The property is transferred to the user of the service in connection with the performance of the service in a form or quality capable of a fixed or definite price value.
3. The sale is evidenced by a separate charge for the identifiable piece of property.

## **New Provisions**

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The new provision creates a new sales tax exemption for the sale of specific inputs—water, electricity, chemicals, solvents, sorbents, or reagents—to a retailer if the inputs will be used in a taxable vehicle wash and wax service.

## **Section Amended**

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Section 13 of 2012 Iowa Acts Senate File 2342 amends section 423.3, Code Supplement 2011, by adding new subsection 96.

## **Effective Date**

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May 25, 2012